

DRAFT  
CENTRAL VALLEY PROJECT  
M&I WATER SHORTAGE POLICY  
POLICY ON WATER SHORTAGE PROVISIONS IN M&I CONTRACTS  
December 8, 2000

The Central Valley Project (CVP) is operated consistent with Federal statutes authorizing the CVP and in accordance with the terms and conditions of water rights acquired pursuant to California law. There may occur at times a shortage during any year in the quantity of CVP water that can be made available to an M&I contractor by the United States. The cause of the water shortage may be drought, unavoidable causes<sup>1</sup>, or restricted operations resulting from legal obligations or mandates including but not limited to the Endangered Species Act (biological opinions), the Central Valley Project Improvement Act (CVPIA), and the State of California's Decision-1641 and the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (WCQP).

The purpose of the M&I Water Shortage Policy is to develop a standard CVP-wide policy applicable to all CVP M&I Contractors, to provide a minimum level of water supply that, in combination with the M&I Contractor's drought water conservation measures and other water supplies would sustain urban areas during drought situations, and to provide sufficient information to M&I Contractors for their use in developing future drought contingency plans. It is Reclamation's intent that the M&I Water Shortage Policy will be consistent with the intent of the June 9, 1997 Central Valley Project Improvement Act Administrative Proposal on Urban Water Supply Reliability.

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~~Project operations are carried out consistent with water right permit terms and conditions (such as those in the State Water Resources Control Board's Decision-1641 and the WQCP), Endangered Species Act biological opinions, and legislative mandates (such as the CVPIA).~~

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<sup>1</sup>Unavoidable causes are causes beyond the control of Reclamation such as pumps failing at Tracy pumping plant or a Court ordered injunction.

The 2000 M&I Water Rates book shows the total for actual M&I deliveries as 350,121 acre-feet in 1998 and actual and projected M&I deliveries to be approximately 790,000 acre-feet by the year 2025. At the present time, M&I contractors are generally not using their entire CVP M&I water entitlement

~~M&I water demands within the CVP are increasing. M&I deliveries in 1994 were 336,000 acre-feet and are projected to be approximately 683,000 acre-feet by the year 2022. **[ARE THESE NUMBERS**~~

~~**CORRECT? CAN THEY BE UPDATED?]**~~ If the shortage allocation were applied to each M&I contractor's full contract entitlement, some M&I contractors could take a supply of water equivalent to their full demand in times of severe water shortage. However, M&I water demands within the CVP are continually increasing. Therefore, the guarantee of 75% M&I reliability described in the June 9, 1997 CVPIA Administrative Proposal for Urban Water Supply reliability shall be applied to the extent of a contractor's historical use, adjusted for weather, growth, extraordinary water conservation measures, and supplemental supplies, limited however by the M&I contractor's contractual entitlement. Application of these terms will be as provided below in the "Definition of Terms." Reclamation recognizes that as conservation measures are implemented there is a hardening of demand that lessens an M&I contractor's ability to reduce demands during times of shortages.

M&I water allocations may differ between divisions of the CVP. Generally, allocations to divisions will be the same, unless specific operational constraints occur which do not allow the United States to provide a division with the same minimum allocation as other CVP divisions.

Terms and Conditions for M&I Reliability and CVP Water supply allocation:

1. Reductions in allocations of M&I water shall be based on the contractor's historical use of M&I water, adjusted for weather, growth, extraordinary water conservation measures, and supplemental supplies, limited however by the M&I contractor's contractual entitlements. This Policy ~~shall be implemented in a manner that does~~ is not intended to penalize contractors for implementation of extraordinary conservation measures or for use of supplemental supplies.
2. For an M&I contractor to be eligible for a minimum allocation in time of shortage of 75 percent of historical use as adjusted, the M&I contractor must have developed and be fully implementing its water conservation plan in accordance with its CVP contract.
3. This M&I water shortage policy applies ~~to the greatest quantity of~~ only to that portion of the CVP water ~~to be used~~ historically for M&I purposes and identified as projected M&I demand as of September 30, 1994, as shown for the year 2030 on Schedule A-12 of the 1996 Municipal and Industrial Water Rates book. 1994 rate book. Subject to the foregoing, irrigation water transferred and/or converted to M&I

use after September 30, 1994 will be subject to shortage allocation as irrigation water.

4. Before allocations of M&I water to a contractor are reduced, allocations of irrigation water shall be reduced to 75% of contract entitlement. See Table 1, below.

**Table 1**  
**Allocation of Irrigation and M&I Water**

Irrigation Contractual Entitlement	M&I Contractual Entitlement
100%	100%
95%	100%
90%	100%
85%	100%
80%	100%
75%	100%

5. When allocations of irrigation water have been reduced to 75 percent of contractual entitlement, if further reductions are necessary, the M&I water allocations and irrigation water allocations will be reduced the same percentage amount. Reductions of the M&I water allocation to a M&I contractor will be based on M&I historical use (adjusted as provided in this policy), up to contractual entitlement,<sup>2</sup> and reductions of irrigation water allocations will be based on contractual entitlement. The M&I allocation to a M&I contractor will be reduced by an equal percentage amount with reductions in irrigation water allocations, until the M&I allocations reach 75 percent of historical use (adjusted as provided in this Policy), and irrigation allocations reach 50 percent of contractual entitlements. At this point, the M&I allocation will not be further reduced until irrigation allocations reach 25 percent of total contractual entitlements. This is illustrated in Table 2 below.

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<sup>2</sup> M&I Contractors in general are still in a build-up period for their contractual entitlement.

**Table 2**  
**Shortage Allocation of Irrigation and M&I Water**  
**When Agricultural Deliveries Irrigation Allocations fall below 75% Contractual Entitlement**

Irrigation Contractual Entitlement	M&I Adjusted Historical Use
75%	100%
70%	95%
65%	90%
60%	85%
55%	80%
50% - 25%	75%

6. When allocations of irrigation water reach 25 percent of total contractual entitlements, Reclamation will need to reassess CVP water supply availability and CVP water demand. ~~In the event the Governor of California declares an emergency due to water shortage,~~ Due to limited water supplies, M&I water allocations to contractors may, under appropriate circumstances and in consultation with the contractor, be reduced below 75 percent of historical use. ~~Allocations of M&I water may vary among contractors, depending on where CVP water can be made available and recognizing a hardening of demand because of a M&I contractor's implementation of conservation measures. Under extraordinary circumstances, Reclamation may take into consideration the contractor's other available non-CVP water supplies.~~
7. In the event the Governor of California declares an emergency due to water shortage, ~~M&I water allocations to contractors may, under appropriate circumstances and in consultation with the contractor, be reduced below 75 percent of historical use.~~ allocations of M&I water may vary among contractors, depending on where CVP water can be made available and recognizing a hardening of demand because of a M&I contractor's implementation of conservation measures. Under extraordinary circumstances, Reclamation may take into consideration the contractor's other available non-CVP water supplies.
8. Reclamation will apply criteria consistent with those applied at that time by the State of California to similarly situated California M&I water supply entities for determining appropriate public health and safety levels and purposes of water use during times of severe drought. M&I contractors with allocations of irrigation water that was transferred and/or converted to M&I use after the September 30, 1994 date, will be

provided a water supply at the public health and safety level. The above is subject to the availability of CVP water supplies.

Each M&I contractor shall provide Reclamation with a copy of its Urban Water Management Plan or comparable plan which includes a drought contingency plan to protect public health and safety.

CVP water allocations to Refuges shall be further reduced below 75 percent by Reclamation when necessary to allow allocation of sufficient M&I water to assure that public health and safety will be protected. Water allocated for fish and wildlife activities pursuant to Section 3406(b)(2) of CVPIA shall be further reduced below 600,000 acre-feet in order to allocate sufficient M&I water to assure protection of public health and safety.

**Definitions of Terms used above include:**

- a. The term “historical use” shall mean the water made available to the contractor during the last year unaffected by water shortage allocation to the contractor. ~~largest amount of water made available to the contractor for M&I purposes in any year. (In the alternative, a common baseline year or years against which weather, conservation, and growth can be measured to determine the contractor’s adjusted historical use.~~
- b. The term “adjusted for growth” shall mean an adjustment made to the contractor’s historical use quantity to take into account increases in demand within the contractor’s service area beyond such historical use, including demand increases attributable to (i) increases in population, and (ii) increases in the number of, or demand of, industrial, commercial, and other entities to whom the contractor serves water, provided that the contractor shall be required to provide reasonable documentation of such increases. It would be capped at the level of full contractual entitlements. This will be compared to the Contractors need analysis and water management plans.
- c. The term “extraordinary water conservation measures” shall mean water conservation activities in addition to those ~~minimum required~~ best management practices specified in the contractor’s ~~then~~ approved water conservation plan. This begins with the baseline condition that the contractor is implementing its water management plan consistent with the then current standard criteria for evaluating water management plans. Reclamation will determine if an action qualifies as an extraordinary water conservation measure. The criteria for water management plans is dynamic continually changing and is updated every 3 years with current state of the art for water conservation and management measures. A water

conservation measure considered extraordinary in 2001 may be a mandatory best management practice requirement in the year 2010.

- d. The term “public health and safety” shall be those M&I uses to which water is allocated consistent with criteria established by the State of California, or by Reclamation in consultation with the M&I contractor and others similarly situated thereto, as applicable, during times of declared water shortage emergencies.
- e. The term “adjusted for weather” shall mean a contractor’s historical water use adjusted to a dry year demand. ~~Such adjustment is not required if the common baseline method described above is used.~~ NEED FURTHER CLARIFICATION.
- f. The term “supplemental supplies available to the contractor” means a contractor’s available non-CVP water supplies. To encourage CVP contractors to develop supplemental supplies, Reclamation will count supplemental water supplies used in the contractor’s historical use calculation as if the contractor had used its CVP supply. Use of supplemental supplies can benefit the CVP in all water years. In addition, for those water supplies considered supplemental supplies that are counted towards historic use, if these is water available during dry years from this water supply it may be used to offset CVP water allocations during dry years up to the credit adjustment received.